MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

DFA5024 – FINANCIAL ACCOUNTING 2

(For Diploma Students Only)

7 MARCH 2020
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages with **4** questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

QUESTION 1

Part A

Hig Sdn. Bhd. is a company that involved in importing and exporting tax-free goods in Langkawi Island. Among the imported items are kitchenware and cookware brands Tefal, Pyrex, Corelle and many more. Hig Sdn. Bhd. uses a perpetual inventory system to records all theirs inventories.

On 6 November 2019, Hig Sdn. Bhd. purchased 200 sets of Tefal Classic Wok pan with Lid (32cm) at RM80 per set, and 150 sets of Corelle Dinnerware Set at RM130 per set on account from Bailey Kitchenware Suppliers, with terms of 2/10, n/30. Hig Sdn Bhd returned 5 sets of Tefal Classic Wok pan with Lid (32cm) and 10 sets of Corelle Dinnerware on 13 November 2019 and made full settlement on 15 November 2019.

During year-end sales, Hig Sdn. Bhd. sold its merchandise to their customers, with credit terms of 2/15, n/30 on the following date where the appropriate party also made cash payment for freight on the same date.

Date	Customers	Items	Selling Units	Selling Price (RM)	Delivery Cost
1 /12/2019	Idaman Suri Store	Tefal Classic Wok pan with Lid (32cm)	30	RM180	RM120 (FOB Shipping point)
		Corelle Dinnerware	15	RM240	
12/12/2019	Billion Supermarket	Tefal Classic Wok pan with Lid (32cm)	40	RM180	RM150 (FOB Destination)

On 13 December 2019, Hig Sdn. Bhd. received payment in full from Idaman Suri Store. On 18 December 2019, Billion Supermarket returned 5 sets of Tefal Classic Wok pan with Lid (32cm) due to small defects and paid its account in full by remitting RM6,300 in cash on 31 December 2019.

Required

Prepare the related journal entries for Hig Sdn. Bhd. for November and December 2019. Show all your workings.

(13 marks)

Continued...

Part B

Rayyan Enterprise sells various types of woman outfit. Following are the account balances for the year ended 30 September 2019.

	RM
Accounts Payable	44,650
Accounts Receivable	27,600
Accumulated Depreciation – Equipment	21,450
Cash	24,085
Rayyan, Capital	87,500
Cost of Goods Sold	235,625
Depreciation Expense – Equipment	6,650
Rayyan, Drawing	9,000
Interest Expense	5,000
Interest Revenue	1,750
Inventory	38,975
Sales Returns and Allowances	3,500
Office Salaries Expense	15,000
Prepaid Insurance	600
Sales	362,500
Sales Commissions Expense	10,625
Sales Commissions Payable	2,600
Equipment	55,000
Utilities Expense	7,000
Insurance Expense	7,200
Loss due to vandalism	950
Rent Revenue	2,500

Required

(a) Prepare a multi-step Statement of Profit or Loss for the year ended 30 September 2019 for Rayyan Enterprise.

(10 marks)

(b) Provide the **TWO (2)** differences between merchandising company and servicing company.

(2 marks)

[TOTAL 25 MARKS]

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QUESTION 2

The treasurer of the Orna Swimming Club has produced the following receipts and payments account for the year ended 31 December 2019.

Orna Swimming Club
Receipts and Payments Account
For the Year Ended 31 December 2019

	(RM)		(RM)
Cash balance (1 Jan 2019)	9,400	Payment for Competition supplies	46,000
Members' Subscription:		Swimming Instructors' wages	48,000
2018 (owing)	3,200	Competition committee wages	13,500
2019	24,000	Competition advertising expenses	520
2020 (in advance)	9,000	Utilities expenses	1,800
Sales of competition tickets	104,000	Pool maintenance cost	10,110
Charity fund	7,600	Rental expenses	6,800
Entrance tickets	21,000	New pump equipment	14,200
		Cash balance (31 Dec 2019)	37,270
	178,200		178,200

Additional information:

1.

Items	31 Dec 2018 (RM)	31 Dec 2019 (RM)
Inventories of competition prizes	7,300	11,500
Owing to supplier for competition Prize	5,600	8,860
Competition advertising owing	450	740
Prepaid rental expenses	-	2,200
Subscription owing	3,200	4,500
Subscription in advance	2,000	9,000

2. The Swimming pool at cost RM98,000 is to be depreciated by 10 percent annually.
3. The pump equipment as at 31 December 2018 was valued at RM8,100 and is to be depreciated at 20 percent annually.

Required

(a) Prepare the Statement of Affairs as at 31 December 2018. (6 marks)

(b) Prepare the Competition Trading Account for the year ended 31 December 2019. Show all necessary ledgers related to competition trading activities. (8 marks)

(c) Prepare the Income and Expenditure Account for the year ended 31 December 2019. Show any necessary adjustment for accrual or prepayment by preparing the ledgers. (11 marks)

[TOTAL 25 MARKS]

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QUESTION 3

Part A

Flystudio Company is one of the top 10 production studio in Malaysia provide 3D and 4D animation film production service to all its customers. Flystudio Company had the following transactions involving receivables during the year.

1. On 15 November 2019, Flystudio Company agreed to accept RM600 in cash and a RM5,400, 90 days, 10% note from Attic Company to settle its RM6,000 past due account.

   Record the journal entry on 15 November, 31 December, and on the date of maturity. (4.5 marks)

2. Flystudio Company held an RM10,800, 8%, 3 months note of Altra Industries on 1 November 2019 to replace account receivable that already pass due. On 31 January 2020, at maturity, Altra cannot pay its notes at the present time.

   Record the journal entry in recognising the notes receivable on 1 November 2019 and the dishonouring of the note receivable on 31 January 2020. (3 marks)

3. On 20 December 2019, Flystudio Company performed RM12,000 of services. The customer paid using a credit card. The credit card company deposits the cash into Flystudio Company's account immediately and withholds a 2% fee.

   Record the journal entry for 20 December 2019. (1.5 marks)

Required

Prepare journal entries as per the above instructions to record these independent transactions on the books of Flystudio Company. Flystudio Company prepares its financial statements as of 31 December every year.

Part B

Uzma Berhad set up their company on 1st January 2017. The company uses the allowance method for estimating uncollectible accounts.

The following are selected transactions related to the company's receivables:

Aug 4	Elsoft Berhad only manage to settle their amount of notes receivable due up to RM15,000 only and the remaining balance of RM1,200 was deemed to be uncollectible and is written off as a bad debt.
Aug 21	Wrote off as uncollectible the balance of the Dayang receivables accounts of RM4,800 when she declared bankruptcy.
Oct 5	Unexpectedly received a cheque for RM300 from Dayang.

Required

Prepare the appropriate journal entries to record the above transactions during year. (6 marks)

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Part C

On 1 January 2019, Agen Ali Production purchased an equipment on account for use in its production process. The cost of this machine was RM100,000 with 4 years useful life and RM10,000 salvage value.

Required

(a) Prepare the journal entry to record the purchase of an equipment on 1 January 2019 and record annual depreciation by using the straight-line method for the year 2019. Show all your workings.

(4 marks)

(b) Calculate the amount of depreciation and accumulated depreciation for each year if Agen Ali Production uses the declining-balance method. Show your answer in table form. Show all your workings.

(6 marks)

[TOTAL 25 MARKS]

QUESTION 4

Part A

Duchess of Cakes House owns by Yuna, produce custom cakes, cookies, desserts and door gifts started her business from home since 2016. In 2018, the business is expanding and Yuna bought a new bakery equipment which is an industrial gas baking oven that cost RM120,000 by taking loan from the bank at 4% interest rate per year.

The equipment was purchased on 1 January 2018 and it has been depreciated using the straight-line method based on estimated salvage value of RM15,000 and an estimated useful life of 5 years.

Required

Prepare journal entries to record the purchase and sale of the bakery equipment in these four independent situations. Record the depreciation expense up to the date of disposal as well if necessary.

(a) Purchased of bakery equipment on 1 January 2018. (2 marks)

(b) Sold of bakery equipment for RM61,000 on 31 December 2020. (2 marks)

(c) Sold for of bakery equipment RM58,000 on 30 April 2021. (3 marks)

(d) Sold for of bakery equipment RM36,000 on 1 October 2021. (3 marks)

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Part B

RiLoyang Company record its Comparative Statement of Financial Position as at 31 December as below:

RiLoyang Company
Comparative Statement of Financial Position as at 31 December

	2019	2018
Assets		
Current Assets		
Cash	RM182,000	RM92,000
Accounts receivable	85,000	73,000
Inventories	170,000	189,000
	437,000	354,000
Property, Plant and Equipment		
Land	75,000	100,000
Equipment	280,000	200,000
Accumulated depreciation	(69,000)	(39,000)
Total Assets	RM723,000	RM615,000
Liabilities and Stockholders' Equity		
Current Liability		
Accounts payable	RM38,000	RM47,000
Non-Current Liability		
Bonds payable	160,000	200,000
Stockholders' Equity		
Ordinary Shares	226,000	174,000
Retained earnings	299,000	194,000
Total Liabilities and Stockholders' Equity	RM723,000	RM615,000

Additional information:

1. Net income for year 2019 was RM175,000.
2. Cash dividends for 2019 were declared and paid 40% out of net income.
3. Bonds payable amounting to RM40,000 were redeemed for cash RM40,000.
4. Ordinary Shares was issued for RM52,000 cash.
5. No equipment was sold during year 2019, but land was sold at cost.

Required

(a) Prepare the Statement of Cash Flows for year 2019 using the indirect method. (9 marks)

(b) Distinguish among the **THREE (3)** types of activities reported in the Statement of Cash Flows. (6 marks)

[TOTAL 25 MARKS]

End of Paper